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TO: Employee Trust Funds Board
Teachers Retirement Board
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FROM: Bob Conlin, Director of Legislation, Communications and Planning
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SUBJECT: Legislative Report

End of Legislative Session

In May, the Legislature concluded the majority of its activity for the 2005-2006 legislative session. The Legislature may return in mid-July for a session to approve any remaining state employee collective bargaining agreements and any pending technical bills introduced by the Revisor of Statutes. There were approximately 1,225 Assembly Bills (AB) and over 730 Senate Bills (SB) introduced during the session. Over 480 of those bills became law. The rest of the bills are considered to be dead.

No significant changes to the Wisconsin Retirement System (WRS) were enacted during this past legislative session. However, all six pieces of remedial legislation sponsored by the Department of Employee Trust Funds (ETF) were signed into law. As noted in previous reports, those remedial bills made only minor substantive changes to the laws administered by ETF.

Forfeiture of Pension Benefits

As noted in the last report, the media have taken an interest in the issue of the forfeiture of WRS pension benefits upon the conviction of a state employee for some form of job-related misconduct. The current laws governing the WRS do not require participants convicted of crimes during their service to give up their rights to their pension accounts. The latest news stories on this topic were occasioned by the convictions of former Representative Scott Jensen and state employee Georgia Thompson.

A press release from Senator Rob Cowles a couple of weeks ago indicated that he plans on introducing legislation on this issue next session. His office is aware of the potential for significant administrative and substantive issues to arise in the drafting of such legislation.

ETF Administrative Rule

At the March meeting, the Employee Trust Funds Board authorized the Department to submit Clearinghouse Rule 05-114 to the Legislature for its review prior to promulgation. The rule makes changes to the way investment accounts of separate retirement systems are valued and limits the separate retirement systems that may invest in the Public Employee Trust Fund. In the Senate, the rule was referred to the Senate Committee on Labor and Election Process

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Reform, which is chaired by Senator Tom Reynolds. In the Assembly, the rule has not yet been referred to committee.

Generally, legislative committees have 30 days to review a rule. A committee may object to a rule or request that modifications be made. Unlike bills, if no action is taken, the rule may go into effect. The committees that will review this rule will have until early July to make a decision on it, although in some cases that review period may be extended.